

VZCZCXRO8669
RR RUEHDT RUEHPB
DE RUEHHM #0168 0461137
ZNR UUUUU ZZH
R 151137Z FEB 07
FM AMCONSUL HO CHI MINH CITY
TO RUEHC/SECSTATE WASHDC 2139
INFO RUEHHI/AMEMBASSY HANOI 1531
RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE
RHEHNSC/WHITE HOUSE NATIONAL SECURITY COUNCIL WASHINGTON DC
RUEHHM/AMCONSUL HO CHI MINH CITY 2309

UNCLAS HO CHI MINH CITY 000168

SIPDIS

SENSITIVE
SIPDIS

E.O. 12958: N/A
TAGS: [PGOV](#) [PREL](#) [ECON](#) [EINV](#) [KCOR](#) [VM](#)
SUBJECT: FORMER PM KIET: STILL PRESSING REFORM

REF: 06 HCMC 229; B) 04 HCMC 1383

¶1. (SBU) Former Prime Minister Vo Van Kiet, one of the fathers of Vietnam's economic reform and a doyen of the Communist Party, told the Consul General February 12 that improved U.S. ties was one of the biggest milestones for Vietnam in 2006. The "full normalization" of ties with the United States, Vietnam's membership in the WTO, and its ongoing economic boom were set in motion 20 years ago when he helped launch Vietnam's "Doi Moi" (economic renovation) policy. In 1986, Kiet said, Vietnam was "grasping towards reform" and "undecided about the United States." Today, he claimed, there is full political consensus on these core questions within Vietnam's political elite. Kiet saw the planned visit of Prime Minister Nguyen Minh Triet to the U.S. for the leadership of the two countries to continue to build a "more realistic appreciation of each other."

¶2. (SBU) Kiet said that he "fully supported" the economic agenda of Prime Minister Nguyen Tan Dung to focus on accelerating the overhaul of Vietnam's state-owned sector. Kiet is confident that the foreign-owned and private sectors in Vietnam will thrive in a WTO environment. Similarly, those State Owned Enterprises (SOEs) that have already equitized are now managed professionally and can compete just as well. Therefore, the GVN's emphasis on "overcoming the inertia" of those SOEs that have thus far resisted equitization is sound. It is those SOEs that are the biggest source of waste, fraud and corruption in Vietnam's economy, Kiet argued.

Corruption

¶3. (SBU) Building on the theme, Kiet said that corruption is the single biggest threat to the Communist Party and the nation. The issue of corruption has been the subject of intense internal debate and the Party has taken some steps to try and combat it. Echoing some of the pro-reform comments that Kiet and his allies made before the 10th Party Congress in April 2006 (ref A), he noted that it would be impossible to triumph against corruption without "political Doi Moi" in Vietnam. There must be a review of the entire Party and State apparatus and its role in socio-economic activities, Kiet said.

ARVN Cemetery

¶4. (SBU) Responding to a question from the Consul General, Kiet confirmed that PM Dung in November 2006 signed an order transferring control of the former Army of the Republic of Vietnam (ARVN) cemetery at Bien Hoa from military to civilian control. (According to press reports, the transfer to civilian control will be effective July

¶2007. Caretakers at the cemetery have told us that there are at least 20,000 ARVN soldiers buried at the 58 hectare dilapidated facility.) Kiet said that he has long advocated that the cemetery be opened to the families of the dead, many of whom now are Vietnamese-Americans. Such a decision would be a powerful symbol of reconciliation, Kiet argued. However, he does not know if the GVN intends to maintain the property as a cemetery -- a solution he favors -- or to sell the land for economic development. Kiet noted that he has met with many Vietnamese-Americans who are aware of the cemetery issue and expressed concern about its future use.

¶5. (SBU) Comment: Although nearing 90, Kiet was healthy and in full possession of his faculties. He remains the doyen of the reform wing of the Party. Although he put a brave face on it, Kiet's comments on the pace and scope of economic reform in Vietnam were far more restrained and less enthusiastic than in late 2004, when debate between conservatives and reformers in the Party over the pace and scope of economic reform was just getting into swing. At that time (ref B), Kiet argued that Vietnam was on the verge of divesting all but a few "strategic" state owned enterprises and creating a level playing field to foster entrepreneurship and spur economic growth. In the 10th Party Congress, Kiet's push for comprehensive economic reform and a "level playing field" lost out to conservatives who demanded that the State and the Party retain the "commanding heights" of the economy. Kiet's comments on political reform do not call into question single-Party rule. Rather, he is pushing for greater internal democracy and the creation of a system of checks and balances within the Party and GVN. While Kiet's faction did not fare well in April 2006, he continues to press for economic and political reforms. End Comment.

WINNICK